

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



October 21, 2002

FOSTER CARE AUDITS AND RATES LETTER (FCARL) NO. 2002-01

TO: ALL GROUP HOME (GH) PROVIDERS
ALL FOSTER FAMILY AGENCY (FFA) PROVIDERS
ALL GH AND FFA CERTIFIED PUBLIC ACCOUNTANTS
ALL COUNTY WELFARE DIRECTORS
ALL COUNTY CHIEF PROBATION OFFICERS
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: CHANGES TO THE FOSTER CARE GROUP HOME RATES STRUCTURE
AND FINANCIAL AUDIT REPORT REQUIREMENTS RESULTING FROM
ASSEMBLY BILL (AB) 444, CHAPTER 1022, STATUTES OF 2002.

This letter is to advise you of two major rate and audit changes required by AB 444. The first change relates to the group home rate structure. There will be no cost of living increase for fiscal year (FY) 2002/03. However, AB 444 amended Welfare and Institutions Code (WIC) Section 11462(e)(2) to provide temporary rate relief for FY 2002/03 only. This statute requires that for services provided during FY 2002/03, the rate classification level (RCL) point ranges shall be **adjusted for use in program audits and in determining any resulting rate reduction, overpayment assessment, or other action**. Specifically, the point range in each RCL has been slightly decreased as follows:

<u>Rate Classification Level</u>	<u>Current Point Ranges</u>	<u>Adjusted Point Ranges</u>
1	under 60	under 54
2	60-89	54-81
3	90-119	82-110
4	120-149	111-138
5	150-179	139-167
6	180-209	168-195
7	210-239	196-224
8	240-269	225-253
9	270-299	254-281
10	300-329	282-310
11	330-359	311-338
12	360-389	339-367
13	390-419	368-395
14	420-up	396-up

FCARL 2002-01
October 21, 2002

This temporary RCL point reduction contains the following restrictions: 1) it applies only to **audits performed of services provided in FY 2002/03 and does not affect rates set for FY 2002/03 which will be set according to the regular schedule**; 2) providers shall remain responsible for ensuring the health and safety of children in placement; and 3) the **changes do not apply to provisional rate audits**. For provisional rate audits, the current statutory point ranges specified in WIC Section 11462(f) shall continue to apply.

The second change mandated by AB 444 affects the submission of the financial audit reports required as a condition of receiving a foster care rate. AB 444 amends WIC Section 11466.21 to require that effective immediately, any group home or FFA non-profit corporation that receives **less than \$300,000 in combined federal funds** will only be required to submit a financial audit of its most recent fiscal period **once every three (3) years**. This statute also restricts the reimbursement of funds for the financial audit reports to once every three years for those on the triennial cycle, and reimbursement will be subject to the availability of funds. The date of submission of the financial audit report must be no later than six (6) months from the close of the non-profit corporation's most recent fiscal period. The Department will individually notify providers who qualify under this statute of the initial year of submission for their triennial financial audit reports. Providers who do not receive this separate letter but believe they qualify for triennial financial audit report submission, should contact the Financial Audits and Investigations Bureau at the telephone number below by December 31, 2002. In addition, WIC Section 11466.21 no longer requires that financial audit reports be submitted as part of the rate application package, **although submission will still be required as a condition of receiving a rate**. For non-profit corporations receiving \$300,000 or more in combined federal funds, the financial audit reports will continue to be submitted annually. The Department is currently developing regulations to implement the federal Office of Management and Budget Circular A-133 audit standards for those providers expending \$300,000 or more in combined federal funds, and will be issuing further instructions when the regulations are adopted.

If you have any questions regarding the temporary group home rate structure change which affects program audits, please contact the Policy and Support Bureau at (916) 274-0456. If you have any questions regarding the change in the financial audit requirements, please contact the Financial Audits and Investigations Bureau at (916) 274-0445.

Sincerely,
***Original Document
Signed by***

JUDY COLBERT, Chief
Foster Care Audits and Rates Branch

c: African American Foster Parent and Group Home Association
Association of Community Services Agency
Association of Minority Adolescents in Residential Care Homes
Association of Minority Adolescents in Residential Care Homes of Los Angeles
County
California Alliance of Child and Family Services
Community Residential Care Association of California
County Welfare Directors Association
North Valley Children and Family Services, Inc.
Residential Care Providers Association of Los Angeles County
Foster Care Alliance